

# Seed Money: Helping Our Students Grow: A Model for Giving<sup>1</sup>

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## Abstract

Tuition costs have outpaced the rate of inflation making a college education more difficult to attain for lower- and middle-income families. A model for enhancing charitable giving for Agronomy and Horticulture scholarships is presented in the form of successful case studies. Among the key elements in the process is the need for a dedicated faculty member to serve as a catalyst. The potential donor groups include alumni, faculty, industry leaders and friends in commodity groups. Paramount to success of a program is a system that seeks to connect the donors and the programs they support. The power of departmental resources such as popular and familiar sites (gardens, farms) and activities (student clubs, field trips, annual festivals, etc.), plus iconic professors should be tastefully exploited. Above all appreciate the momentum of success. It entrains more reticent givers and an expanding array of scholarships attracts the attention of students, recruiters, faculty and the envy of competing departments. Finally successful models seek and use the help of institutional supporting facilities such as the university foundation, alumni association and the professional organizations associated symbiotically with the university and its faculty.

## Introduction

These days there seems to be an endless stream of requests for donations to support good causes. Solicitors have rendered the process to a fine art. In spite of all demands from many organizations, philanthropy is alive and well in America. In 2001, Americans donated \$212 billion (McGinn, 2002). Most donors (75%) are individuals that are selective in their generosity with about one half of total donations going to churches and religious causes.

Even though fully one quarter of aggregate giving goes to the various education causes, the need in that venue is growing faster than the rate of giving. Prominent among the needs are increased salaries for staff and rising operating costs. The need of students for financial aid is real and expanding. Even at New Mexico State University (NMSU) which has been listed in the Who's Who Top 100 Affordable

Universities and has earned accolades for educating Hispanics in Hispanic Outlook (Lopez-Isa, 2002), tuition and fees have increased 90% in the last decade. Presently (academic year 2003-2004), it costs a full-time in state resident nearly \$3,400 per year for tuition. Out of state tuition costs over \$11,000 per year, and books and room and board are estimated at \$5,000 per year. However, even these relatively low costs can present a formidable barrier to low-income students. Tuition at four-year public institutions increased over 140% during the 1980s (Mumper and Anderson 1993) and another 37% during the 1990s (Rojas, 2003). Unfortunately, median family income increased only 68% in the 1980s and 8% in the 1990s. Furthermore, the percentage of entering freshmen receiving Pell grants actually fell 34% (Mumper and Anderson, 1993), which may explain the difficulty students, especially minority students, have in completing their education (Fry, 2002). In fact, the graduation rate at NMSU is only 46% after six years (Flores, 2003).

In 2001, nearly 52% of the NMSU student population was classified as minorities, and 62% of the entire student population qualified for financial assistance. Bottom line for students is that they are short of funds. Supplementing funds with work on and off campus during the academic year is often necessary. Qualified students are able to procure federal-sponsored, need-based grants and loans, but the most available form of financial assistance is loans (Anon. 2002). Federal and other education loans have increased 146% over the last decade while federal Pell grants have increased only 3% (Anon. 2002). Thus, the ghost of loans past can haunt our working educated for years. The repercussions of the borrow-now- pay-later scheme have created hesitancy to borrowing among contemporary students, especially students from lower income families, and Hispanics students in particular (Paulsen and St. John, 2002). While students generally feel loans are critical to completing their education, they may develop negative feelings about the value of their education (and alma mater) if their chosen career does not offer high salaries after graduation (Baun and O'Malley, 2003).

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Students, especially students early in their career, are strongly influenced by the costs of education. Students from lower income families, or Hispanic, or female are less likely to continue their education as the cost of that education increases (Paulsen and St. John, 2002). Furthermore, loans do little to alleviate this problem; they actually exacerbate the situation (Desjardins, et al., 2002). However, merit-based aid, i.e. scholarships, has a positive influence on students continuing their education. Thus, development programs that endeavor to increase the number and amount of merit-based scholarships will help with retention and graduation. Unfortunately, institutional grants (scholarships) have grown only 88% over the last decade (Anon. 2002), and greater emphasis in this area is needed. Especially since, the debt of students seeking an education at a public institution is nearly (81%) the same as the debt of students attending a private institution (Baun and O'Malley 2003).

One approach to increase scholarships has been to establish endowed funds to which the willing can donate and support worthy students with scholarships. Since the mid-1980s, the Department of Agronomy and Horticulture (DAH) has engaged in a determined and successful attempt to augment the funds available for student scholarships. The purpose of this report is to describe activities that have led to endowed scholarships with the expectation that some of these may help others institutions that work with similar worthy, but cash-limited student populations.

## The Result

In 1984, the DAH had two endowed scholarships that awarded less than \$300 per year (Figure 1). One new endowed scholarship was added in 1985, and the next in 1989. Since 1984, the departmental endowment has grown to over \$500,000 managed within 20 individual endowed accounts in 2003. The growth of endowments, scholarships and dollar amount was strong during the 1990s, especially the latter half. Furthermore, the number of endowments and the total dollar amount seems to be growing even in a year when national giving has declined over 2% (McGinn, 2002). This program, while modest in comparison to other foundations and endowments, helps fuel the studies of contemporary students and may partially account for the increased enrollment over the last 15 years. In 2002, 36 scholarship recipients received an average of \$860, and the largest stipend was \$3,000. The aggregate value of the awards was over \$30,000. While there may be reasons for pessimism following the recent stock market decline, over the last decade even quiescent endowments increased almost two-fold and the growth of active ones increased as much as ten-fold. On average, the department has awarded \$2,500 in new

scholarships per year for the past 14 years. This has enabled the department to award scholarships that have not only kept pace with inflation, but in most cases has outpaced it. More to the point, while the percentage of a semester's tuition covered by departmental scholarships has changed only slightly (52% in 1984 and 54% in 2003), the number of students receiving assistance has grown from 2 in 1984 to 36 in 2002.

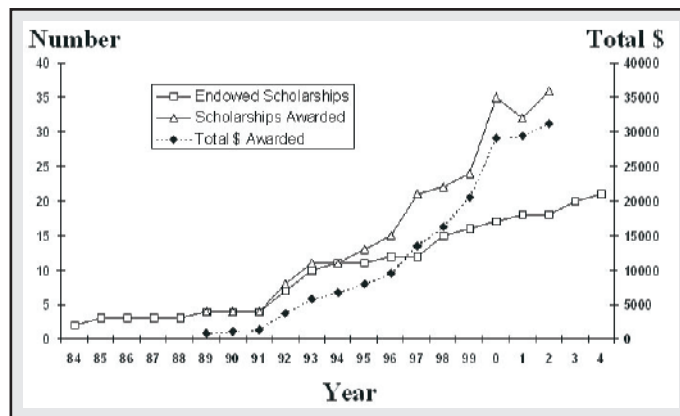


Figure 1. Pattern of available funds and scholarships awarded to students in the Agronomy and Horticulture Department at New Mexico State University since 1984. Note: Five endowments offered at least two scholarships each since 1997.

While tuition has increased 346% in the intervening 18 years, awarded scholarships have grown 6,900%. Furthermore, these scholarships may help students graduate sooner (Figure 2). Students that graduated between 2000 and 2003 required on average 6.4 years to graduate (near the university average) if they received no departmental scholarships. Students that received at least one scholarship (average = \$606) graduated in 5.4 years, and students that received more than \$1,000 (average = \$2,705) in departmental scholarships graduated in 4.8 years. This comparison is confounded by the quality of the individual student since most scholarships are based on merit. However, assuming time to graduation is independent of grades, these scholarships not only save the students money in tuition costs, they also shorten their time to graduate.

The growth and progress of these scholarships did not occur without conscious nurturing and promotion. The remainder of this paper seeks to document the process with the thought that our examples may be helpful in securing continuing financial air for students in other disciplines and institutions.

## The Strategy

Circumstances of the times generally favor scholarship fund solicitation. A dominant proportion of all alumni of NMSU and most other institutions graduated within the last 30 years, and are becoming

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financially secure. Furthermore, professors and potential sponsors hired in the post WWII era have, or are, retiring. Finally, the 1990s have been an era of unprecedented prosperity for business, entrepreneurs and investors further increasing the predisposition of alumni toward giving.

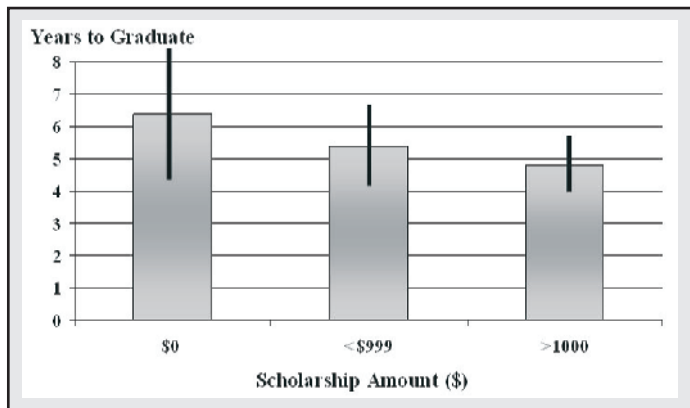


Figure 2. Total scholarship awards versus years to graduate for undergraduate students in the Agronomy and Horticulture Department, 2000-2003.

Generally, a department needs resources for scholarships and fellowships, operations and maintenance activities, and faculty development opportunities (Figure 3). Donors will give to those programs they feel are important, especially relevant are programs from which they have benefited. Thus, requesting donations for specific items often is more successful than a general request. Furthermore, it is important that the faculty support scholarship fund raising, as this can be a useful marketing strategy. Presently, 60% of the DAH faculty contributes to the endowment program. Obviously, if the faculty feel supporting the students is important, it is easier to ask others for similar support. More problematic has been developing support for faculty development activities (endowed chairs and fellowships) and general operations and maintenance. The philosophy that these functions should be met by state appropriations is only slowly changing, and while alumni and friends may support these endeavors, they are likely to be less popular than scholarships. Additional supporters are needed.

Several approaches to obtain funds have been especially helpful to secure funds to support students. Industry can be a logical source for funds to support programs of interest. For example, New Mexico chile pepper processors and growers united to create an endowed scholarship in the name of a popular, retiring field consultant. In another, prospering New Mexico onion growers and packers rewarded the genetic improvement efforts of a retiring faculty member with a sizable contribution to create another. A similar response came from an individual who established a scholarship honoring a popular geneti-

cist who supported the New Mexico alfalfa industry.

Another helpful technique has been to offer one-time scholarships in the name of people who have contributed to the ongoing instructional programs, usually retired faculty. Small amounts of "seed" money can be effectively used to attract much larger donations (Andreoni, 1998). In this paradigm, discretionary monies were used to award five, small, one-time scholarships in the names of retired faculty. For a retired professor, the experience of being involved with students receiving a named scholarship can sow a powerful seed. Eventually, endowments were developed in the names of four; albeit one scholarship was established in another department. The speculative investment of \$2,000 yielded over \$90,000 in endowed scholarships within just a few years. Donations were received not only from the faculty members and their families, but also from appreciative alumni and friends.

Special events also can be opportunities to encourage giving. The university centennial capital campaign helped start three scholarships that were funded largely through donations from the faculty. Likewise, alumni reunions within the department helped establish two scholarships. In both examples, organizing committees selected the goal and established endowments in the names of popular faculty members.

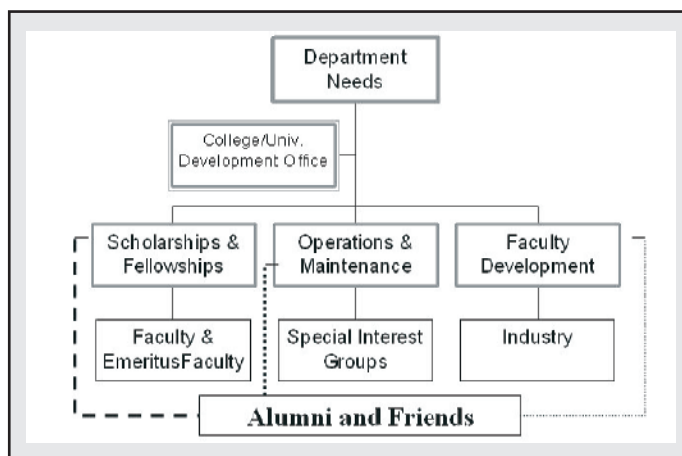


Figure 3. Schematic of departmental needs and possible targeted donors

Alumni are prone to help well-defined, modest projects familiar to them. Often former students will ignore generic requests from the institution, but respond positively to targeted requests from the department. This support has propelled newly established scholarships into fully endowed funds. While modest success has occurred when non-targeted requests are made ("where the need is greatest"), the greatest success has come from these targeted requests. One project with 'target' appeal has been the Horticulture Landscape Demonstration Garden. Over the past two decades, several students

worked in the garden either for money or academic credit. Appeals to develop a permanent fund to continue the operation of this resource have stimulated warm memories leading to an array of contributions large and small. In a similar vein, a Garden Club offered a scholarship in memory of a deceased member and past president. Following this gesture, the surviving spouse established an endowment that eventually led to gifts totaling more than \$130,000. These gifts have supported lectures, supplies and scholarships targeting ornamental horticulture.

In the main, alumni as a giving group present a mixed picture. Some feel they completed their education with grit and sweat and that such a model is worthy of emulating. Fortunately, this roadblock mentality is the minority position. Most graduates feel a kinship to their alma mater, even those in their early or mid-career. However, the typical young alumnus may have difficulty paying bills - past and present. Family concerns and the dynamics of career growth further stretch disposable income.

The senior alumni group has been the most open to giving. As one ages, fond memories blossom and the role of education is appreciated, leading to critical life choices becoming clearer. The economic station of retired alumni, staff and faculty is generally good. Following WWII, value accrued in owned real estate owned and exceptional gains from stock market investments over the last decade (the past few years notwithstanding) have produced unprecedented wealth. The alumni have the means and a clear picture of the value of education during their formative years, but the often need a purpose for giving along with assurances that their donations will be well used and appreciated.

The motivations for giving are numerous, but all givers want to feel that their contributions have gone to good causes. They want to know that the university and the recipients use the resources wisely. To this end, the department supports an annual gathering (dinners, receptions, picnics) where alumni, faculty and current students are encouraged to mix and mingle helps promote good feelings. Additionally, the establishment of a scholarship renews that personal interest of donors in students--creating that sense of belonging once again. Properly administered an ambiance of mutual trust and understanding flourishes. Furthermore, organizations that focus as much attention on their alumni and potential donors as they do on their students often are more successful in their fund raising efforts (Martin, 2001).

The early efforts of fund-raising are the most difficult and success may be tentative. Special attention is needed to ensure focus, realistic requests and well-placed publicity to nudge giving above its natural base level. Once a program begins to succeed, a momentum is established which, in turn, entrains other more reticent givers.

## Campus Resources

Basic among any fund-raising effort is information about your alumni. In this paradigm, obtaining alumni lists from the NMSU Foundation (the non-profit fund raising entity) and Alumni Association were essential. Actually, two lists were obtained. A chronological list allows cooperating alumni and faculty to peruse for friends and compadres in their era. However, with an isolated name, it is more useful if an alphabetical list is available. Also, help in development of strategies in seeking monies can be available at the Foundation. Departmental development activities should be in coordination, not competition, with the college or university activities. Working with these development offices can enhance all fund raising efforts.

## Parting Shots

Important in the process is the commitment of well-known and liked professors, i.e., mentors of students, to fund-raising. In this program, enrollment grew rapidly during the 1970s with the greatest enrollment occurring over a 10-year period beginning about 1977. Subsequently numbers have tapered off. However, retired or working professors with knowledge and warmth of students over the past quarter century have been an important asset. In this paradigm, the authors spanned this era with some overlap.

It is critical to build a team with at least one active faculty member who knows the campus support system and its people, and one who can bring together alumni and industry representatives. This sounds easy, but it is far from that. A commitment to fund-raising is often intrusive. Requests for time and attention by donors and recipients are omnipresent, sporadic and the timing is often inconvenient. Givers need to feel close to someone - the inside catalyst - and they deserve a response to their interest. The catalyst is frequently torn between fund-raising (an under appreciated endeavor) and more traditional duties that contribute to performance and promotion outcomes.

Development is an area where "one's reach should exceed their grasp!" The departmental scholarships established prior to 1984 are small even today in spite of the performance of the stock market. Hopefully, more recent endowments are large enough to avoid similar 'shrinkage' over the next 20 years. Furthermore, the department needs to think beyond scholarships to other areas of need. For example, graduate fellowships, operating monies for special projects, or even endowed chairs for exceptional faculty. All these will help retain students and the faculty that educate them.

Fund raisers should keep the lines of communication open. Receptions where students and donors

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meet, letters from students to donors or donor families and departmental publications are examples of ways the authors have promoted open communication. Sometimes donors respond to reminders enumerating the benefits that can accrue. Department involvement, a sense of commitment to helping students as well as the tax benefits and producing a lasting legacy are examples that often resonate.

Finally, the following guidelines of such a project need to be enumerated:

1. Avoid alienating retiring faculty before they retire,
2. Use money as designated,
3. Avoid "need based" statements or other statements that are too restrictive,
4. Avoid competition from other activities, e.g. telethons (make sure solicitors know about department scholarships),
5. Work with the college/university scholarship office to ensure the departmental success is not offset by a reduction in college/university scholarships (socialism discourages departmental initiative),
6. Allow for inflation; plan big!

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